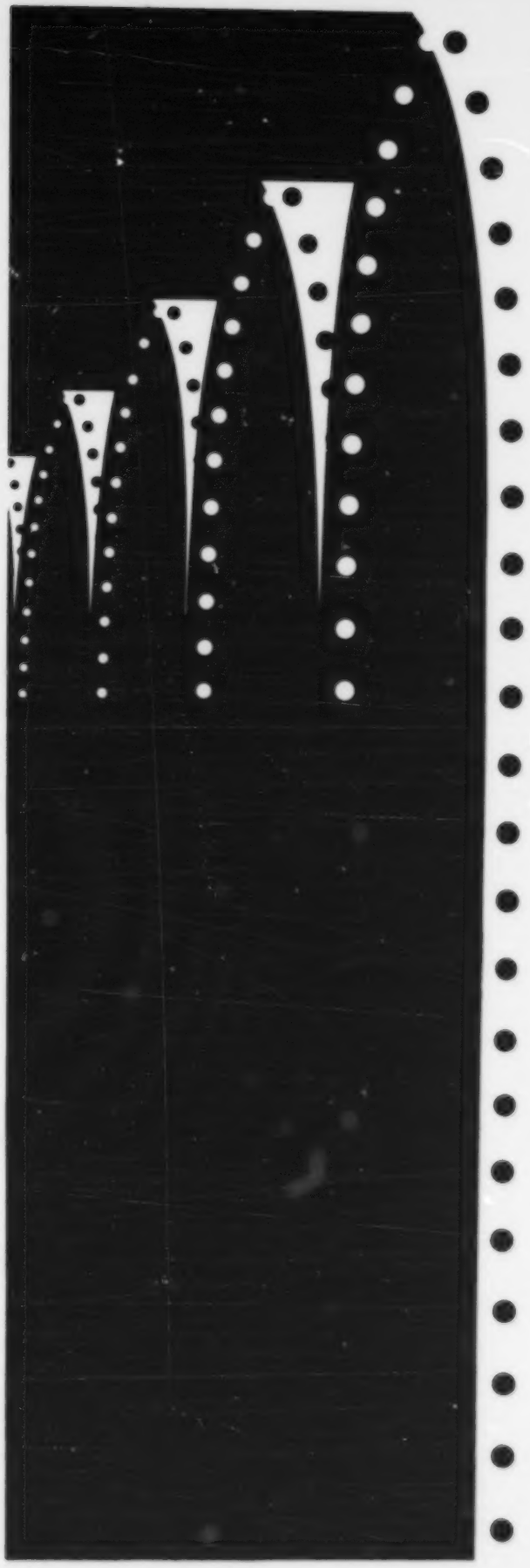


1990-91 FINANCIAL REPORT

Gilbert R. Clements
Minister of Finance

Prince Edward Island
November 1991

92-01499/

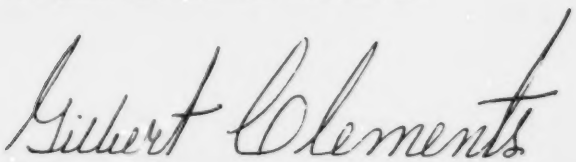
1990-91 FINANCIAL REPORT
OF THE
PROVINCE OF PRINCE EDWARD ISLAND

CONTENTS

Minister's Statement 3
The Economy 5
Revenue 9
Expenditure 11
Budget Deficit 13
Debt 13
Selected Financial and Economic Statistics 14
1990-91 Financial Statements 17

MINISTER'S STATEMENT

I am pleased to present the annual Financial Report of Prince Edward Island for 1990-91. This report is designed to provide timely public knowledge on the state of provincial finances. The 1990-91 Financial Report reviews major aspects of the Province's finances and presents summarized financial statements for the Consolidated Fund for the fiscal year ended March 31, 1991. The economic situation in 1990-91 is also reviewed. The 1990-91 Public Accounts will be submitted to the Prince Edward Island Legislature as usual in the next session with complete and detailed information.



Gilbert R. Clements
Minister of Finance

November 1991

THE ECONOMY

Economic Growth

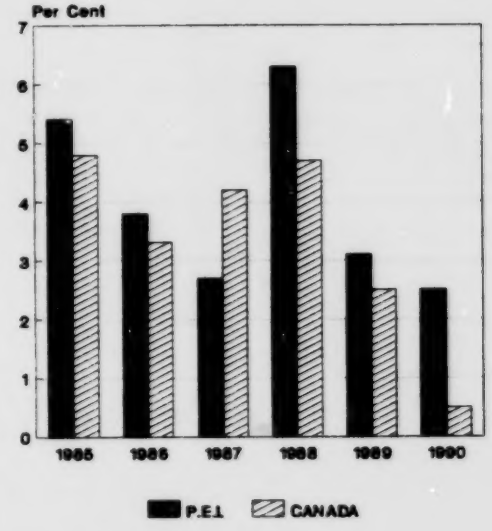
The Canadian economy entered a recession in the second quarter of 1990 and continued to decline throughout the remainder of the fiscal year 1990/91.

The Prince Edward Island economy in 1990 experienced modest growth largely as a result of strong non-residential construction activity and increased services sector employment. Declines in economic activity were recorded in the agricultural sector, public administration and defense, and retailing. The value of fish landings declined as a result of poor lobster prices. The potato sector was adversely affected by trade restrictions early in 1991, resulting from a reported outbreak of PVYn, a virus affecting potato and tobacco leaves.

Economic growth in 1990, as measured by the rate of change in real Gross Domestic Product, is estimated by the Conference Board of Canada to have been 2.5 per cent for the Prince Edward Island economy, and 0.5 per cent for Canada.

The Island's population reached a level of 130,300 on June 1st, 1990 compared to 129,900 a year earlier. A substantial net-outmigration associated with the closure of the Summerside airbase resulted in slow population growth in 1990.

Graph 1
ECONOMIC GROWTH



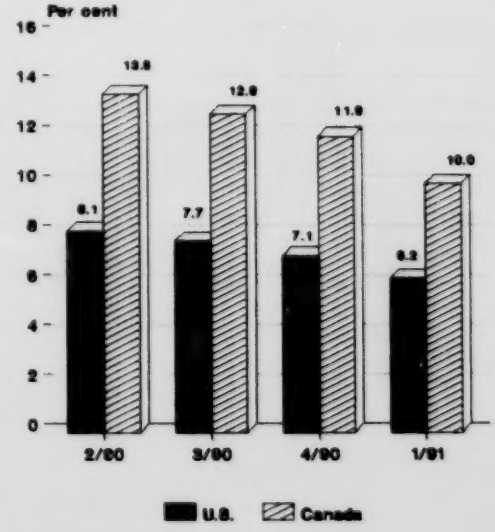
Source: Conference Board of Canada

Interest Rates

Interest rates on three month Treasury Bills in Canada and the United States declined in the latter half of 1990 and in early 1991. In Canada, the interest rate on three month Treasury Bills was 9.7 per cent in March 1991 compared to the recent peak of 13.7 per cent in May 1990.

The Canada - U.S. interest rate differential narrowed to 3.8 percentage points by the first quarter of 1991 after reaching 5.5 percentage points in the second quarter of 1990.

Graph 2
INTEREST RATES

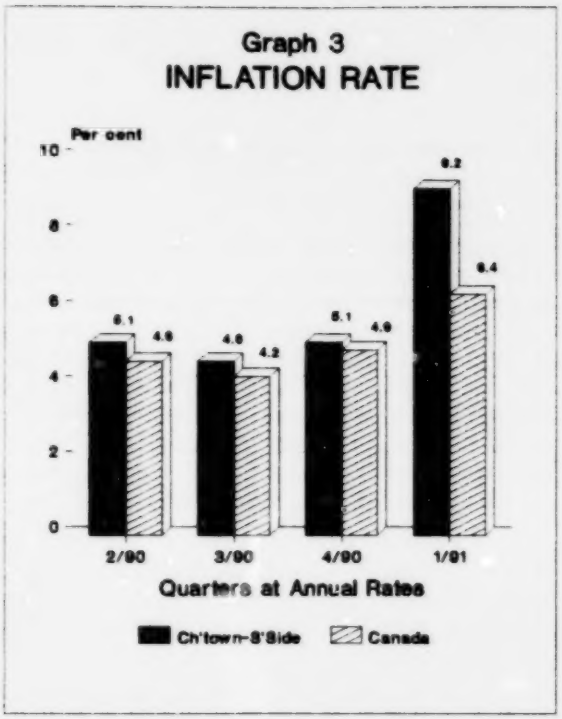


3 Month Treasury Bills

Inflation Rate

The All-Items Consumer Price Index for Canada in fiscal year 1990/91 increased 5.0 per cent compared to the previous fiscal year. The introduction of the federal Goods and Services Tax in January 1991 pushed the rate of consumer price inflation up to 6.4 per cent in the first quarter of 1991.

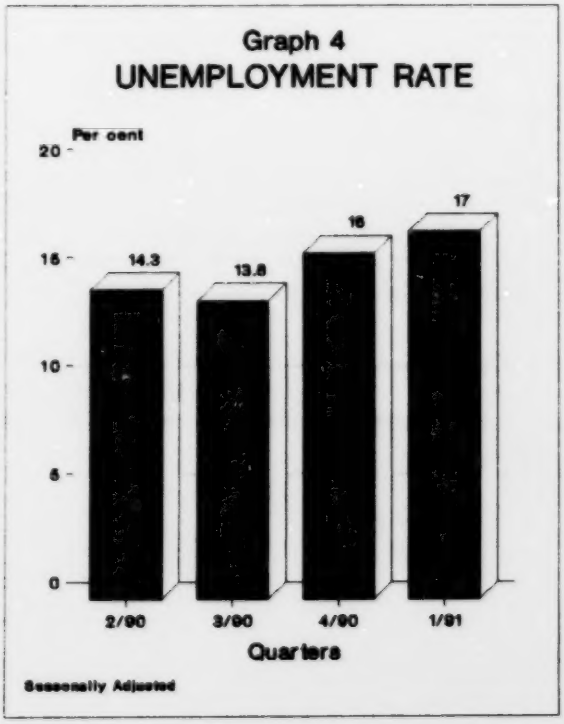
The rate of increase in the All-Items Charlottetown-Summerside Consumer Price Index was 6.1 per cent in fiscal year 1990/91. Consumer price inflation on Prince Edward Island reached 9.2 per cent in the first quarter of 1991 due to the implementation of the GST, various federal and provincial tax measures, and increased energy costs as a result of events in the Persian Gulf.



Unemployment Rate

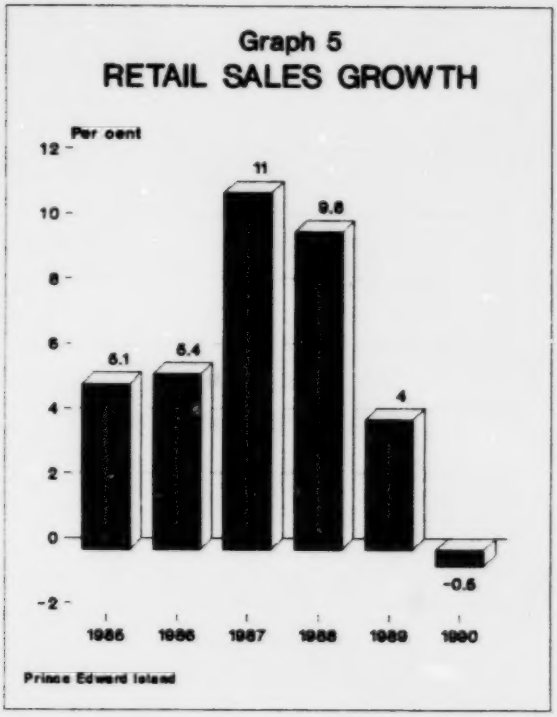
The unemployment situation for Prince Edward Island worsened during fiscal year 1990/91 as can be seen in Graph 4. The seasonally adjusted unemployment rate, which averaged 14.7 per cent in fiscal year 1989/90, averaged 15.3 per cent in 1990/91. The monthly unemployment rate reached a high of 17.4 per cent in March 1991.

Seasonally adjusted employment on Prince Edward Island increased 1.5 per cent in fiscal year 1990/91 over the previous year. The labour force participation rate rose to 66.1 per cent in fiscal year 1990/91 from 65.0 per cent compared to a year earlier.



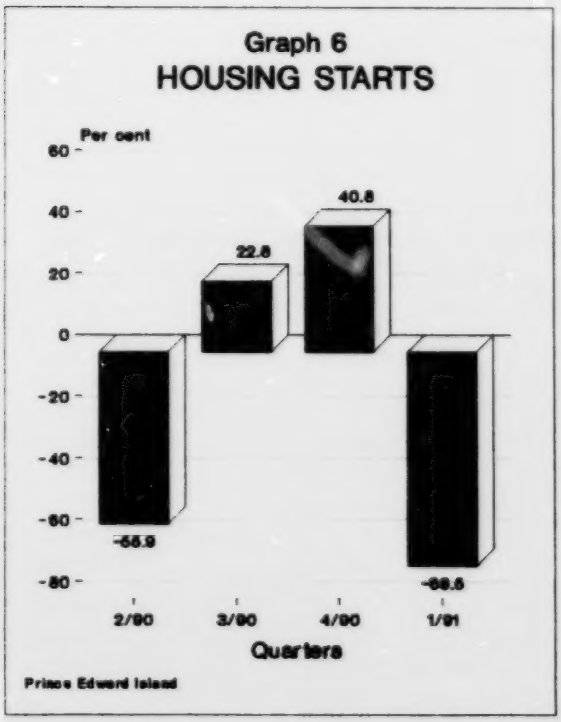
Retail Sales

The current dollar value of retail sales on Prince Edward Island in 1990 declined 0.5 per cent from 1989 to total $796 million. This decline can be attributed to a decline in tourist expenditure, slow local economic conditions, and a decline in the value and volume of new motor vehicle sales.



Housing Starts

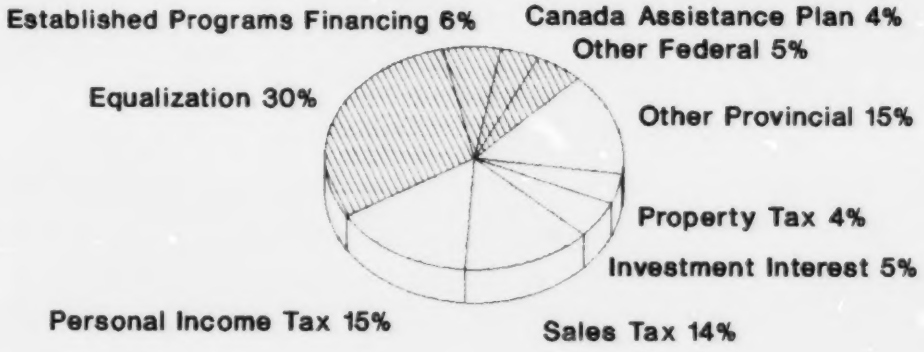
Housing starts on Prince Edward Island declined in fiscal year 1990/91 to total 705 units, a 13.4 per cent decline compared to a year earlier. This follows a 27.8 per cent decline in 1989/90. The main factors contributing to this slower residential construction were high interest rates, the closure of the Summerside Airbase, and a substantial net out-migration that occurred over the fiscal year.



REVENUE

Graph 7
SOURCES OF REVENUE, 1990-91

[total $677.6 million]



Current account revenue for 1990-91 was $677.6 million. The major sources of revenue and their respective percentage contributions to total revenue are shown in Graph 7.

Provincial Source Revenue

Revenue from provincial sources totalled $366.0 million, or $2,809 per capita. This represented 54.0 per cent of current account revenue. More than half of the provincial source revenue was provided by the Province's personal income tax and sales tax.

Government of Canada Revenue

Total federal transfers of $311.6 million accounted for 46.0 per cent of revenue. Federal Equalization is the largest single revenue source of the Province, providing $206.2 million in 1990-91.

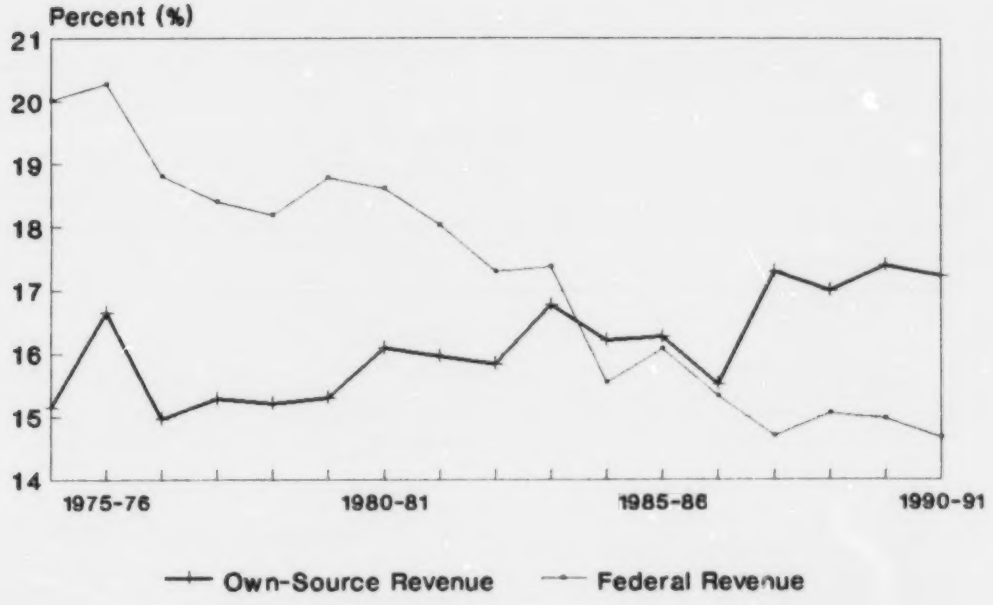
Comparison to Budget

Actual revenue for 1990-91 was $7.3 million, or 1.1 per cent below the original Budget estimate. A comparison with Budget is shown in Table 1. Most of the decrease from Budget was attributable to adjustments in Sales Tax revenue and Federal Equalization. These were down $13.5 million from Budget, and were partially offset by increases in other revenue.

Table 1 Performance of Major Revenues 1990-91

	Budget ($000)	Actual ($000)	Variance ($000)
Provincial Source:			
Personal Income Tax	103,200	103,354	+ 154
Sales Tax	101,350	95,072	- 6,278
Investment Interest	38,098	36,403	- 1,695
Property Tax	26,645	29,118	+ 2,473
Other	103,050	102,068	- 983
	372,343	366,014	- 6,329
Government of Canada:			
Equalization	213,500	206,237	- 7,263
E.P.F.	42,600	41,623	- 977
Canada Assistance Plan	25,377	28,492	+ 3,115
Other	31,061	35,220	+ 4,159
	312,538	311,573	- 965
Total	684,881	677,587	- 7,295

Graph 8
REVENUE as % of PERSONAL INCOME



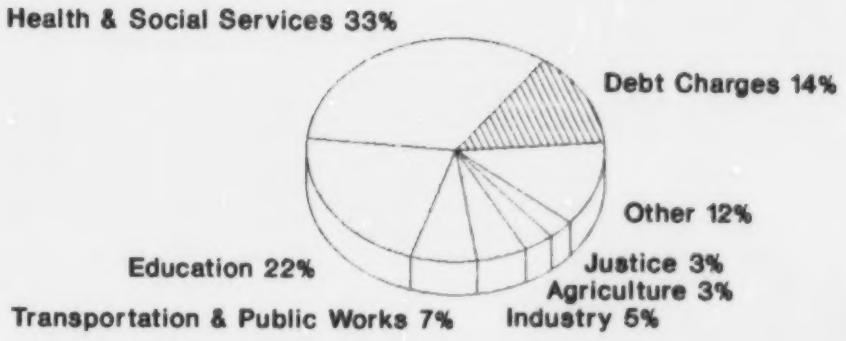
Revenue Trends

Government revenue since 1974-75 as a percentage of Personal Income on Prince Edward Island is shown in Graph 8, for both own-source and federal revenue. Provincial own-source revenue as a percentage of Personal Income rose from just over 15 per cent during most of the 1970's to 17.2 per cent by 1990-91. This rise has only partially countered the decline in federal revenue received by the Province, and thus total revenue as a percentage of Personal Income on Prince Edward Island has declined. It was 31.9 per cent in 1990-91, compared to 35.2 per cent in 1974-75.

EXPENDITURE

Graph 9
EXPENDITURE by DEPARTMENT, 1990-91

[total $696.2 million]

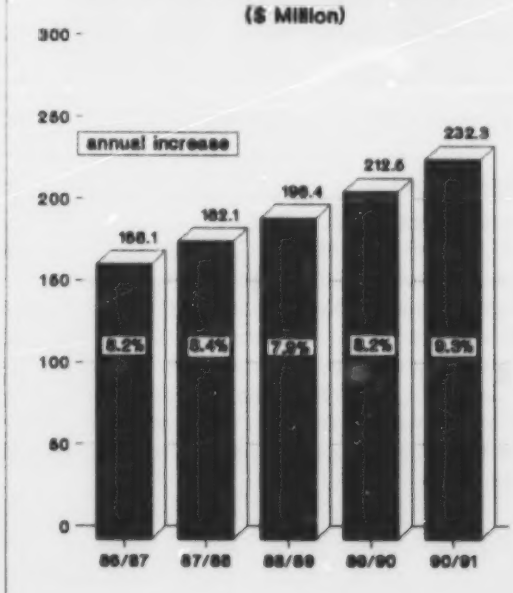


Current account expenditure was $696.2 million in 1990-91, a 6.6 per cent increase from the previous year. The proportion of expenditure accounted for by major departments is shown in Graph 9.

Health and Social Services

One-third of spending was by Health and Social Services, which includes expenditures of the Hospital and Health Services Commission. This spending totalled $232.3 million in 1990-91, an increase of 9.3 per cent from the previous year. Graph 10 shows the five year trend of Health and Social Services expenditure.

Graph 10
HEALTH & SOCIAL SERVICES EXPENDITURE
($ Million)



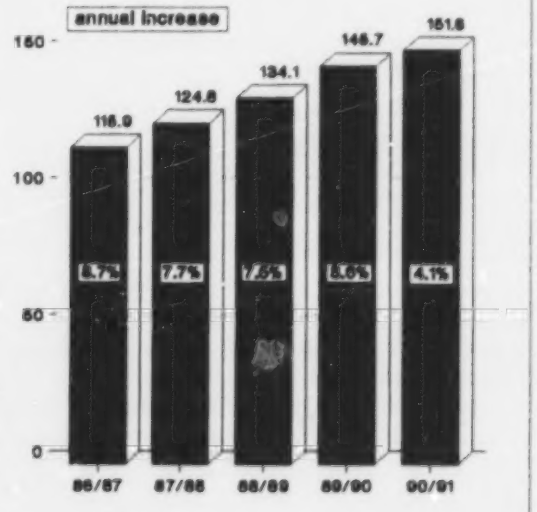
Education

The second largest aspect of provincial expenditures is Education. Department of Education expenditure was $151.6 million in 1990-91, an increase of 4.1 per cent from the previous year. Graph 11 shows the five year trend of these expenditures. Expenditure in 1990-91 consisted of:

- $104.6 million (69%) for School Units
- $ 36.1 million (24%) for Post-Secondary
- $ 4.2 million (3%) for Vocational Programs
- $ 6.8 million (4%) for General Department

Graph 11
DEPARTMENT OF EDUCATION EXPENDITURE

($ Million)

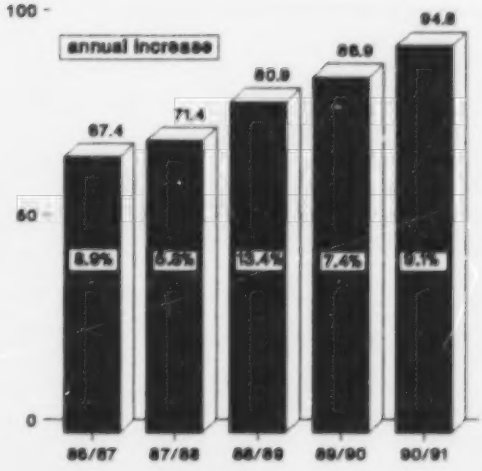


Debt Charges

Debt charges totalled $94.8 million in 1990-91, consisting of $84.2 million in interest expenses and $10.6 million in Sinking Fund contributions. Debt charges accounted for 13.6 per cent of total current account expenditure, and increased by 9.1 per cent from the previous year. Graph 12 shows debt charges over the last five years. The average annual growth rate over this time period was 8.9 per cent, compared to an average growth rate of 8.0 per cent for all other provincial expenditures.

Graph 12
DEBT CHARGES

($ Million)



Comparison to Budget

Total current account expenditure of the Province was $17.5 million above the original Budget estimate. Approximately $11.5 million of that was additional funding for the P.E.I. Development Agency.

Capital Expenditures

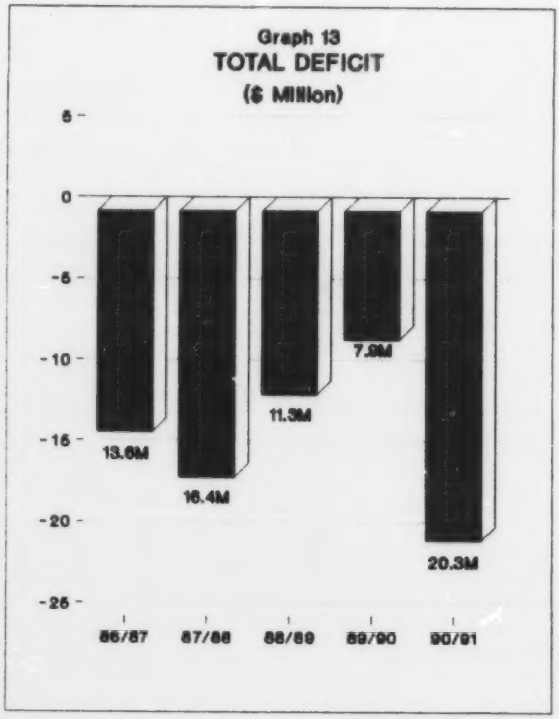
Gross capital expenditure by the Province in 1990-91 of $41.5 million (mostly Highways) was partially offset by recoveries of $3.2 million for a net capital expenditure of $38.3 million. This was $3.9 million below Budget.

BUDGET DEFICIT

Table 2 Budget Summary

	1989-90 Actual ($000)	1990-91 Budget ($000)	1990-91 Actual ($000)
Current Account			
Revenue	646,675	684,881	677,587
Expenditure	653,317	678,679	696,191
Deficit	(6,643)	6,202	(18,604)
Capital Account			
Revenue	3,053	4,295	3,211
Expenditure	37,680	46,450	41,479
Net Capital Expenditure	(34,627)	(42,155)	(38,267)
Sinking Fund			
Sinking Fund Earnings	23,269	25,871	26,014
Contributions from Revenue Fund	10,119	10,644	10,560
Increase in Sinking Fund Assets	33,388	36,515	36,574
Total Deficit	(7,882)	562	(20,298)

The current account deficit for 1990-91 was $18.6 million, a deterioration of $24.8 million from the originally budgetted surplus of $6.2 million. The total deficit, including current account, capital account and sinking fund, was $20.3 million, compared to a budgetted total surplus of $0.6 million. Graph 13 depicts the total deficit for each of the last five years.



DEBT

The largest component of the Province's gross debt, at March 31, 1991, was debentures and Canada Pension Plan bonds totaling $725.0 million. The Province provides a sinking fund for repayment of both its Canada Pension Plan bonds and market debentures. Sinking fund assets of $253.8 million resulted in net debenture debt of $471.2 million as at March 31, 1991.

Provincial deposit receipts of $47.2 million formed another major debt of the Province.

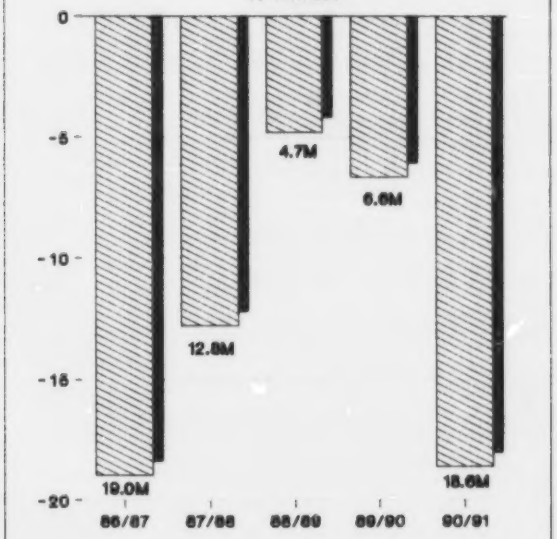
Total net debt, the amount the Province still owes after taking into account all of its recorded assets and the Sinking Fund, was $218.9 million at the end of the 1990-91 fiscal year. Net debt as a percentage of Gross Domestic Product increased to 10.9 per cent, from 10.5 per cent in the previous year.

Selected Financial and Economic Statistics ($ Thousands)

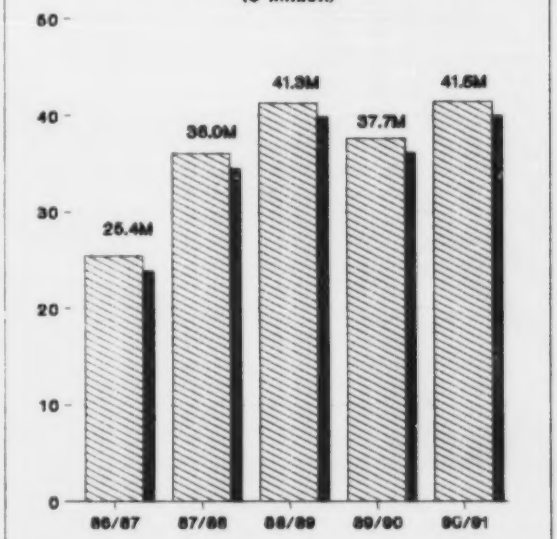
	1986-87	1987-88	1988-89	1989-90	1990-91
Current Account					
Revenue	490,914	533,231	600,320	646,675	677,587
Expenditure	509,868	546,011	605,092	653,317	696,191
Deficit	(18,954)	(12,780)	(4,772)	(6,643)	(18,604)
Capital Account					
Revenue	5,586	5,547	4,615	3,053	3,211
Expenditure	25,397	36,027	41,337	37,680	41,479
Net Capital Expenditure	(19,811)	(30,480)	(36,722)	(34,627)	(38,267)
Sinking Fund					
Sinking Fund Earnings	17,272	18,542	20,636	23,269	26,014
Installments	7,908	8,352	9,509	10,119	10,560
Increase in Sinking Fund	25,180	26,895	30,145	33,388	36,574
Total Deficit	(13,585)	(16,365)	(11,349)	(7,882)	(20,298)
Net Debt	163,009	179,374	190,723	198,605	218,902
Population ($000's)	126.6	127.3	128.5	129.9	130.3
Personal Income ($ million)	1,592	1,667	1,873	1,999	2,126
GDP at Market Prices ($ million)	1,498	1,587	1,781	1,897	2,001
Net Debt/GDP (%)	10.9	11.3	10.7	10.5	10.9

Provincial Financial Indicators

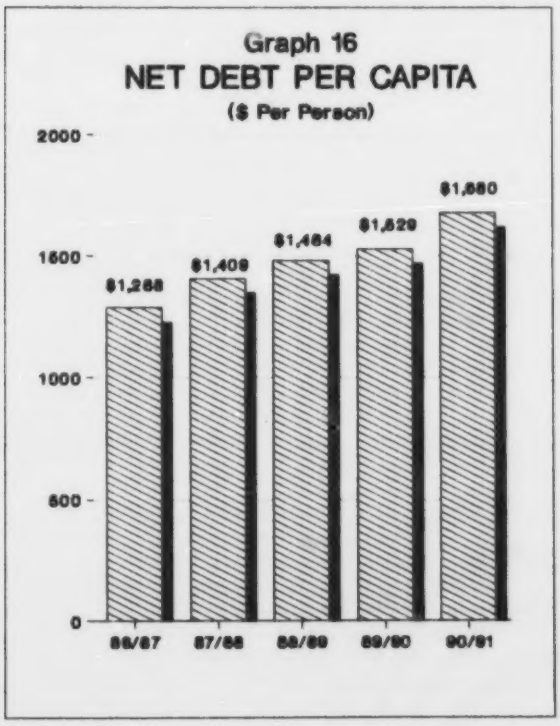
Graph 14
CURRENT ACCOUNT DEFICIT
($ Million)



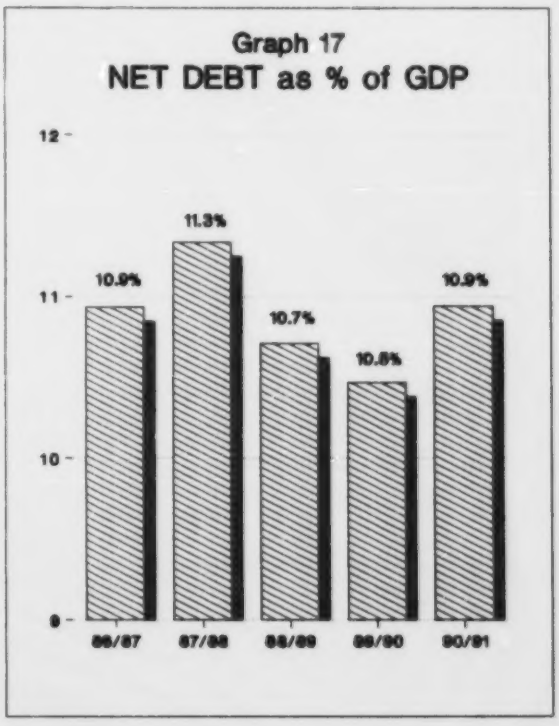
Graph 15
GROSS CAPITAL EXPENDITURE
($ Million)



Graph 16
NET DEBT PER CAPITA
($ Per Person)



Graph 17
NET DEBT as % of GDP



1990-91 FINANCIAL STATEMENTS

Statement of Financial Position 18
Statement of Financial Transactions 19
Statement of Current Revenue 20
Statement of Current Expenditure 21
Statement of Capital Expenditure 22
Statement of Debt Transactions 23
Statement of Change in Net Debt 24
Statement of Sinking Fund 25
Summary of Significant Accounting Policies 26
Notes Concerning Financial Statements 27

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Actual
FINANCIAL ASSETS		
Cash Deposits and Short Term Deposits	0	14,000
Accounts and Taxes Receivable	71,158	74,132
Treasury Advances	109	496
Inventories	3,557	3,733
Investments	15	12
Loans Receivable	166,384	162,632
Capital Advances	115,473	130,606
Deferred Charges	5,107	8,488
Total Financial Assets	361,803	394,100
Net Direct Debt	198,605	218,902
TOTAL	**560,408**	**613,002**
LIABILITIES		
Bank Advances	17,062	8,703
Treasury Loans	28,000	0
Deferred Revenue	3,685	2,473
Accounts Payable	46,501	46,306
Accrued Interest and Other Accrued Liabilities	23,266	26,195
Provincial Deposit Receipts	43,376	47,246
Loans Payable	11,423	10,889
Debentures		
Gross Funded	612,907	725,030
Less: Sinking Fund	(225,812)	(253,841)
TOTAL	**560,408**	**613,002**

STATEMENT OF FINANCIAL TRANSACTIONS

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Budget	1990-91 Actual
Current Account			
Revenue	646,675	684,881	677,587
Expenditure	653,317	678,679	696,191
Deficit (Surplus)	6,643	(6,202)	18,604
Capital Account			
Revenue	3,053	4,295	3,211
Expenditure	37,680	46,450	41,479
Net Capital Expenditure	34,627	42,155	38,267
Total Net Expenditure	41,269	35,953	56,871
Inter-Period Adjustments	3,184	0	4,629
Net Cash Requirements	**44,454**	**35,953**	**61,500**
Financing			
Debt Transactions (Net)	9,048	34,000	83,858
Net Decrease (Increase) in Cash and Temporary Investments	35,406	1,953	(22,358)
Total Financing	**44,454**	**35,953**	**61,500**

STATEMENT OF CURRENT REVENUE

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Budget	1990-91 Actual
PROVINCIAL SOURCES			
Taxes			
Personal Income Tax	99,389	103,200	103,354
Corporate Income Tax	15,160	13,150	12,681
Sales Tax	93,286	101,350	95,072
Gasoline Tax	18,367	21,640	22,960
Real Property Tax	26,651	26,645	29,118
Health Tax on Liquor	9,328	9,615	9,241
Health Tax on Tobacco	12,852	18,985	17,157
Insurance Premium Tax	1,890	1,850	2,698
Fire Prevention Tax	110	150	188
Corporation Capital Tax	855	1,480	1,467
Room Tax Act	-	500	376
	277,888	298,565	294,312
Other Revenue			
Motor Vehicle Registry	4,637	5,761	5,655
Other Licenses and Permits	1,561	1,678	1,916
Patient Fees	7,215	7,154	7,675
Other Fees	7,026	5,588	6,092
Liquor Commission	9,717	10,396	9,518
Lottery Revenue	3,293	3,500	3,007
Other Sales	1,484	1,603	1,436
Investment Interest	34,665	38,098	36,403
	69,598	73,778	71,702
Total Provincial Source	**347,486**	**372,343**	**366,014**
FEDERAL SOURCES			
Equalization	195,096	213,500	206,237
Established Programs Financing	45,155	42,600	41,623
Extended Health Care	6,685	6,710	6,739
Income Tax on Electricity	2,541	2,400	1,407
Canada Assistance Plan	24,749	25,377	28,492
Economic Regional Dev. Agreement	6,444	10,831	13,967
Other Cost Shared Programs	14,526	9,271	10,185
Other	3,992	1,849	2,922
Total Federal Revenue	**299,188**	**312,538**	**311,573**
TOTAL REVENUE	**646,675**	**684,881**	**677,587**

STATEMENT OF CURRENT EXPENDITURE

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Budget	1990-91 Actual
Agriculture	29,483	23,610	23,104
Community & Cultural Affairs	13,508	14,877	15,223
Education	145,666	152,097	151,648
Finance	17,988	18,990	19,547
Tourism & Parks	9,239	10,071	9,608
Legislative Services	4,831	4,687	4,426
Industry	30,572	25,466	37,870
Health & Social Services	212,525	224,842	232,271
Energy & Forestry	9,573	10,491	14,088
Justice & Attorney General	20,470	20,329	20,191
Labour	1,910	5,123	4,710
Fisheries & Aquaculture	2,454	3,178	2,754
Transportation & Public Works	51,068	50,228	49,969
Environment	7,577	7,594	7,593
Other Current	9,565	13,656	8,382
Debt Charges	86,889	93,440	94,807
TOTAL EXPENDITURES	**653,317**	**678,679**	**696,191**

STATEMENT OF CAPITAL EXPENDITURE

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Budget	1990-91 Actual
Highways			
Reconstruction	15,117	21,000	18,864
Paving	11,206	15,469	12,836
Bridges & Culverts	3,382	3,670	3,569
Administration	981	1,237	1,158
Equipment & Lighting	874	857	740
	31,559	42,233	37,168
Buildings	4,947	4,125	3,186
Other Capital Assets			
Land Purchase	65	0	1,045
Other	1,108	92	79
	1,174	92	1,124
TOTAL GROSS CAPITAL EXPENDITURE	**37,680**	**46,450**	**41,479**
Less Recoveries			
E.R.D.A.	2,116	3,679	1,995
Other	937	616	1,217
	3,053	4,295	3,211
NET CAPITAL EXPENDITURE	**34,627**	**42,155**	**38,267**

STATEMENT OF DEBT TRANSACTIONS

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Budget	1990-91 Actual
Receipts:			
Debentures Issued	0	63,500	113,065
Canada Pension Loans	10,544	8,500	9,603
Provincial Deposit Receipts	(9,183)	0	3,104
Treasury Notes	28,000	0	0
	29,361	72,000	125,772
Payments:			
Treasury Notes	0	0	28,000
Capital Advances	7,958	23,100	15,133
Net Loans to Crown Agencies	6,898	12,400	(2,886)
Alberta Heritage Fund	2,000	2,000	2,000
Other	3,457	500	(333)
	20,313	38,000	41,914
Derived from Debt Transactions (Net)	**9,048**	**34,000**	**83,858**
Net Decrease (Increase) in Cash and Temporary Investments	35,406	1,953	(22,358)
Total Financing	**44,454**	**35,953**	**61,500**

STATEMENT OF CHANGE IN NET DEBT

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Budget	1990-91 Actual
Net Debt - beginning of year	190,723	189,522	198,605
INCREASED BY:			
Net Capital Expenditure	34,627	42,155	38,267
Excess of Current Expenditure Over Current Revenue	6,643	(6,202)	18,604
DECREASED BY:			
Increase in Sinking Fund Assets			
Investment Income	23,269	25,871	26,014
Installments	10,119	10,644	10,560
	33,388	36,515	36,574
Total Change in Debt	7,882	(562)	20,298
Net Debt - end of year	**198,605**	**188,959**	**218,902**

STATEMENT OF SINKING FUND

Province of Prince Edward Island
Consolidated Fund
($ thousands)

	1989-90 Actual	1990-91 Budget	1990-91 Actual
Beginning Balance	200,704	225,874	225,812
Income			
Investment Income	23,269	25,871	26,014
Installments	10,119	10,644	10,560
Less: Debentures Matured	8,280	8,545	8,545
Sinking Fund	**225,812**	**253,844**	**253,841**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING ENTITY

The financial position of the Province is presented by a Statement of Financial Position of the Consolidated Fund of the Province, a Statement of Financial Transactions, a Statement of Current Revenue, a Statement of Current Expenditure, a Statement of Capital Expenditure, a Statement of Debt Transactions, a Statement of Change in Net Debt, and a Statement of Sinking Fund.

2. FINANCIAL REPORTING AND ACCOUNTING POLICIES

(a) The financial transactions recorded in the Accounts of the Province and reflected in the Public Accounts are classified into budgetary transactions and non-budgetary transactions.

In general terms budgetary transactions are those which enter into the calculation of the annual budgetary surplus or deficit and are disclosed in the Statement of Revenues and Expenditure - both Capital and Ordinary Revenues and Expenditures are included. Non-budgetary transactions lead to the acquisition or disposal of financial assets or creation or discharge of financial obligations which are disclosed in the Statement of Financial Position.

(b) The Province's financial statements are presented so as to highlight Net Direct Debt, a measurement of financial position. The Net Direct Debt of the Province is determined by its liabilities less its listed assets.

(c) The Province presents revenues and expenditures on the accrual basis. However, payments from Canada under the Federal-Provincial Fiscal Arrangements, the Established Programs Financing and the Tax Collection Agreement are based on estimates which will be adjusted against future years revenue when actual results become available.

(d) Earnings on sinking funds are credited to sinking fund reserves and are not reflected as current account revenue, whereas the sinking fund annual payment is budgeted and charged to current debt expenditures.

(e) Profits or losses of Crown Corporations are taken into the revenues or expenditures of the Consolidated Fund in the year in which they become apparent unless the Lieutenant Governor-in-Council declares by Minute-in-Council that the profit is to be retained or the loss recouped by the Crown Corporation. Profits and losses of the Crown Corporations, Agencies and Boards which are not consolidated in 1990-91 are noted below (see Note 1).

(f) The province has three pension plans: the Civil Service Superannuation Fund, the Teachers' Superannuation Fund and the M.L.A. Pension Fund, which are not part of the Consolidated Fund. Notes on these plans are provided below (see Note 3).

NOTES CONCERNING FINANCIAL STATEMENTS

1. Crown Corporations

Profits and losses of Crown Corporations, Agencies and Boards not reflected in the 1990-91 consolidated Statements are: the P.E.I. Agricultural Development Corporation reported loss of $413,600 in 1990-91.

2. Capital Advances

The statement below details the accumulated capital advances as at March 31, 1991 made to agencies or entities for the construction of assets of a long term nature to which title rests with the agency or entity. The annual interest and principal payments required to retire these debts are included in the appropriations of the respective departments.

	Balance Mar. 31/90	Additions	Principal Payment	Interest Payment	Balance Mar. 31/91
	$	$	$	$	$
School Units					
Completed Contracts and Construction in Progress	64,278,165	16,439,867	860,041	6,529,036	79,857,991
Capital Projects - Repairs	1,325,131	682,019	359,362	140,724	1,647,788
Bus Depots	170,154	-	101,961	28,523	68,193
	65,773,450	17,121,886	1,321,364	6,698,283	81,573,972
Hospitals					
Queen Elizabeth	32,865,279	-	569,418	4,422,687	32,295,861
Prince County	499,867	-	371,239	52,464	128,628
Stewart Memorial	278,569	-	84,160	27,857	194,409
Souris	7,454,810	-	54,838	854,472	7,399,972
Western	-	577,455	-	-	577,455
	41,098,525	225,205	1,079,655	5,357,400	40,596,325
Farm Center Association	145,140	-	12,736	14,383	132,404
Veterinary College	8,456,286	-	152,552	909,051	8,303,734
	115,473,401	**17,699,341**	**2,566,307**	**12,979,197**	**130,606,435**

3. Pension Funds

(a) Civil Service Superannuation Fund

Employees of the Province and certain of its' entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund to which employees and employer matching contributions and investment income are credited, and payments to pensioners and terminating employees are charged. The Civil Service Superannuation Fund is invested in Federal, Provincial, Municipal and Corporate Securities.

The Civil Service Superannuation Fund is not part of the Consolidated Fund of the Province. The Plan is funded by employee contributions plus equal contributions by the Province. However, by Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due.

Actuarial Valuations of the Civil Service Superannuation Fund are carried out periodically and provide an estimate of Fund Liabilities at a point in time.

The results of the most recent Actuarial Valuation are as follows:

Valuation Date	-	April 1, 1990
Actuarial Liability	-	$215.9 million
Fund Assets	-	$108.8 million
Unfunded Liability	-	$107.1 million

(b) Teachers' Superannuation Fund

The Teachers' Pension Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teacher's Superannuation Fund to which employee and employer matching contributions and investment income are credited, and payments to pensioners and terminating employees are charged. The Fund is invested in Federal, Provincial, Municipal and Corporate Securities.

The Teachers' Superannuation Fund is not part of the Consolidated Fund of the Province. The plan is funded by employee contributions plus equal contributions by the employer.

If at any time the fund is insufficient to make its payments, the Minister of Finance shall pay into the fund an amount, out of the Consolidated Fund, sufficient to enable such payments to be made, in accordance with Section 9(3) of the Teachers' Superannuation Act, R.S.P.E.I. 1988, Cap T-1.

Actuarial Valuations of the Teachers' Superannuation Fund are carried out periodically and provide an estimate of fund liabilities at a point in time. The results of the most recent Actuarial Valuation are as follows:

Valuation Date	-	June 30, 1990
Actuarial Liability	-	$289.4 million
Fund Assets	-	$ 74.3 million
Unfunded Liability	-	$215.1 million

(c) M.L.A. Pension Fund

The Legislative Assembly Retirement Allowance Act established a fund from which pensions are paid to retired members of the Legislative Assembly. The plan is operated within the M.L.A. Pension Fund to which contributions of Government and Members of the Legislative Assembly and investment income are credited and payments to pensioners are charged.

The M.L.A. Pension Fund is not part of the Consolidated Fund of the Province. The Plan is funded by contributions from Members of the Legislative Assembly and Government.

Actuarial Valuations of the M.L.A. Pension Fund are carried out periodically and provide an estimate of fund liabilities at a point in time. The results of the most recent actuarial valuation are as follows:

Valuation Date	-	April 1, 1990
Actuarial Liability	-	$14.4 million
Fund Assets	-	$ 4.8 million
Unfunded Liability	-	$ 9.6 million